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RUEHUJA/AMEMBASSY ABUJA 9506
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RUEHLO/AMEMBASSY LONDON 0804
RUEHMO/AMEMBASSY MOSCOW 0035
RUFOADA/JAC MOLESWORTH AFB UK
RUEKJCS/SECDEF WASHINGTON DC
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEBAAA/DEPT OF ENERGY WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHDC
RUEAIIA/CIA WASHINGTON DC
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C O N F I D E N T I A L SECTION 01 OF 02 LAGOS 000077

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DOE FOR GPERSON

E.O. 12958: DECL: 02/21/2018
TAGS: [ENRG](#) [EPET](#) [PGOV](#) [PREL](#) [NI](#) [RS](#)
SUBJECT: NIGERIA: THE RUSSIANS ARE COMING

REF: LAGOS 000075

Classified By: Consul General Donna Blair for reasons 1.4 (B) and (D)

11. (C/NF) Summary: Gazprom's Boris Ivanov announced the establishment of a Gazprom Nigeria subsidiary and said the company plans to announce new gas deals in Nigeria this year. He told an industry conference that Gazprom has already offered to share its reform experience with Nigerian National Petroleum Corporation (NNPC) and is interested in leveraging Russia's "historic exposure" in Africa, where it wants to focus on partnerships with state-owned oil companies. Whether Gazprom has the ability to operate effectively in Nigeria in the short term is questionable, but its entry during a time of change in the Nigeria hydrocarbon sector could mean it wants to shape Nigerian natural gas policy and the final structure of a reorganized NNPC. End Summary.

12. (SBU) During a speech at Nigeria Oil and Gas Conference 2008, Gazprom Netherlands BV CEO Boris Ivanov announced that Gazprom had launched a Nigerian subsidiary, Gazprom Nigeria. He told the (somewhat startled) audience that Gazprom has been in talks with the GON for two years and he termed the country as a "most important priority" for the company. Ivanov claimed that several deals were in the works, but he pointedly refused to elaborate, saying it was better to work out the details in private. He would say that Gazprom is offering the GON asset swaps and invited Nigerian oil and gas companies to invest in Russia.

13. (SBU) The speech was peppered with odd allusions to the Cold War. Ivanov said Gazprom and Russia (which he occasionally used interchangeably) wanted to leverage historic friendships made during the "Soviet" era and noted many Africans went to universities in the Soviet Union and others had been the recipients of "short training courses" there. (Note: The man spearheading reform of Nigeria's joint ventures with the oil companies, Special Advisor on Petroleum Dr. Emmanuel Egbogah, studied engineering at Friendship University in Moscow from 1963-1969. End Note.) He went on to say that Russia has "lost fifteen years" of exposure to Africa since the breakup of the Soviet Union and it was ready to make up for lost time. A PowerPoint map of Angolan oil

fields flashed on the screen during this part of the speech.

¶4. (C/NF) Ivanov stated that Gazprom's strategy worldwide is to partner with state oil companies in developing new gas reserves and gave two subsidiary companies as examples: Gazprom Bolivia and Gazprom Venezuela. He offered assistance to the GON as it restructures NNPC and told the audience Nigeria could learn from Russia's example. In a subsequent panel discussion he did backtrack somewhat, remarking the Gazprom was not a charity and it did in fact have the bottom line to consider. Indeed, Ivanov never actually offered direct financial assistance. In subsequent sidebar, a banker with the Japan Bank for International Cooperation who claimed to have experience in financing deals for Gazprom's Sakhalin project told Econoff that he doubted Gazprom had the cash flow to lend anything to NNPC.

¶5. (C/NF) Local British diplomatic contacts are clearly concerned about the announcement. The day after the conference, a UK High Commission political officer and two UK Foreign and Commonwealth Office energy watchers met with Econoff to discuss the Gazprom announcement. They saw it as a strategic ploy to maintain leverage over EU natural gas supplies and reported that they are hearing talk of possible Russian interest in a trans-saharan pipeline that would bring gas from the Niger Delta through northern Nigeria then into Niger and Algeria for supply to Europe. They also thought the pipeline, long discussed but generally dismissed by industry observers as not feasible, enjoyed support from northern Nigerian political leaders who feel left out of Nigeria's southern-based oil wealth. One of the Foreign Office staffers did suggest that Gazprom could be bluffing and thought its announcement was curiously over the top; if

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the company really had solid deals in the works, why make such a public yet vague statement?

¶6. (C/NF) Local newspapers and industry trade journals report the Rilwanu Lukman, Honorary Advisor to the President on Petroleum Matters and the man leading the reorganization of NNPC, is heading negotiations with Gazprom. Lukman has ties to Germany's E.ON Ruhrgas; he is chairman of Afren Plc which recently signed a partnership agreement with E.ON to assess potential export and domestic natural gas projects in Nigeria. E.ON Ruhrgas has partnered with Gazprom on several natural gas deals in Europe including the Nord Stream pipeline connecting Russian natural gas to Western European markets through the Baltic Sea. Additionally, during a recent conversation with the Ambassador, Shell's Vice President for Africa Ann Pickard said that she was concerned about Russia and Lukman's ties to that country in light of a possible nationalization and Lukman's efforts to arrange a visit by President Yar'Adua to Russia in the next couple of months (reftel).

¶7. (C/NF) Comment: Whether Gazprom can operate in Nigeria any more effectively than the international oil companies is debatable; Nigeria is particularly unforgiving to over confident newcomers. However, the timing of Gazprom's announcement is troubling. If Gazprom, and by extension Russia, is able to insert itself into planning surrounding a reorganized state oil company and a new gas policy, the tenor of the hydrocarbon discussion in Nigeria could become significantly more nationalistic. End Comment.

¶8. (U) This cable was cleared with Embassy Abuja.
BLAIR